

Date : 24/02/25

Techno Funda : Buy JSW STEEL Limited

Buy Range : @ ₹940-₹970
Target : 1st @₹1010, 2nd @₹1120

Stock Info	
Mkt Cap (cr)	236426.5
52-Weeks High/Low	1,063-761.75
Avg Volume	22,15,957
No. of eq shares (cr)	244.55
Face Values	1.00
Bse Code	500228
Nse Code	JSWSTEEL
Free Float (cr)	91478.61
Source : NSE/BSE	

Particulars	2023	2024
ROE	6.20%	12.50%
ROCE	8.51%	13.86%
ROA	2.03%	4.01%
ROIC	5.62%	6.89%
DSO	16.50	15.60
DIO	113.00	119.00
DPO	76.00	49.00
Debt-equity	1.62	1.36
Equity -Assets	0.31	0.34
Interest Cov	2.15	2.75
P/E	40.14	22.98
P/B	2.52	2.61
EV/EBITDA	13.15	10.30

Source : Company, Fin2Research

Particulars	2023	2024
EBITDA Margin	11.00%	16.00%
EBIT Margin	6.67%	11.46%
EBT Margin	3.41%	7.65%
PAT Margin	2.49%	5.13%
EPS	17.140	36.030

Source : Company

Particulars	% of Total Shares
Promoters	44.85%
Mutual Funds/AIF	3.65%
Insurance co. & others	6.85%
Other DIIs	0.09%
FII	25.59%
Retails and Others	18.24%
Total	100.0%

Source : Company

JSW Steel Ltd: JSW Group, valued at US\$24 billion, stands as one of India's foremost business conglomerates. With a sustainable and innovative footprint across sectors such as steel, energy, infrastructure, cement, paints, B2B e-commerce, venture capital, defense, green mobility, and sports, the Group plays a pivotal role in bolstering India's economic growth. Known for executing large, capital-intensive, and technically complex projects, JSW leverages state-of-the-art manufacturing facilities and a diversified product portfolio to drive success. The Group's culturally diverse workforce of nearly 40,000 employees is spread across India, the USA, Europe, and Africa, reflecting its global presence. Additionally, JSW Group is committed to social development, actively empowering local communities around its plants and ports, and creating substantial value for all its stakeholders.

Key Highlights: JSW Group is set to invest Rs 1 trillion in Maharashtra's Gadchiroli district to establish what is expected to be the world's largest steel plant, with a planned capacity of 25 million tonnes. The investment, announced by JSW Group Chairman Sajjan Jindal, will be executed over the next seven to eight years and is regarded as one of the most ambitious projects in India's steel sector. This development comes at a time when India, producing between 125 and 130 million tonnes of crude steel annually, ranks as the second-largest producer globally after China. The steel industry remains a key driver of the country's economic growth, contributing significantly to GDP, employment, and infrastructure development.

JSW Steel, through its subsidiary Jsquare, has completed the ₹4,158.6 crore acquisition of thyssenkrupp Electrical Steel India, now holding 100% equity in tKES India. This move, part of a 50:50 joint venture between JSW Steel and JFE Steel Corporation, also secured key technology licensing and transfer agreements with thyssenkrupp group entities as of January 30. The acquisition is expected to enhance JSW Steel's electrical steel manufacturing capabilities, benefiting sectors such as automotive, power, and renewable energy.

BPSL & JVML Projects:

The BPSL expansion of 1 million tonnes is fully ramped up, and the 5-million-tonne JVML facility in Vijayanagar is in the ramp-up phase—with the blast furnace and subsequent caster units already operational. These expansions are expected to drive volume growth and enable better economies of scale.

CAPEX Spend:

With a CAPEX spend of Rs3,087 crores in Q3 (and around Rs11,000 crores in 9MFY25), the company is investing in both expansion and cost-saving initiatives. Improved operating efficiencies (including higher utilization rates and inventory reductions) are expected to bolster margins in subsequent quarters.

Debt Profile & Financial Health:

While near a 3.75x net debt to EBITDA ratio, increased production volumes (especially from new projects like JVML) are expected to improve the EBITDA base, which would help ease the debt burden over time.

Coking Coal & International Sourcing:

On the coal front, the company has signed a mining lease for the Moitra mine (Mozambique) and is gearing up to commence production in Q4 FY26. Off-take arrangements for its interest in the Illawarra mines in Australia also contribute to long-term raw material security.

Goa and Odisha Projects:

In Goa, three mines (including Cudnem, Surla, and Codli) are slated to collectively produce around 3.5 million tonnes—with staggered start dates extending into FY27. In Odisha, the commencement of the Netrabandha mine and planned enhancements for Nuagaon and Narayanposhi mines are expected to further boost captive production.

Key Risks : 1. **Raw Material Price Volatility:** The prices for key materials like coal and iron ore have dropped recently, their costs can still swing up and down unpredictably. This means there's a risk that prices could suddenly rise again, making production more expensive. Also, if the quality of the iron ore gets worse—as happened at the Jajang mine—the company might have to spend extra money to upgrade it before it can be used, which would further increase costs.

2. **Geopolitical & Trade Risks:** Uncertainty stemming from potential tariff escalations, evolving U.S. policies, and trade tensions could disrupt supply chains and global demand.

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- **Price Above Moving Averages: 20-day Moving Average (MA) - 959.41:** The current price (966) is trading **above** the 20-day MA (959.41). This is generally considered a **bullish sign**. It indicates that the short-term trend is upwards as the price is now higher than its average price over the last 20 days. **50-day Moving Average (MA) - 932.88:** The 20-day MA (959.41) is trading **above** the 50-day MA (932.88). This is another **bullish signal** called a "Golden Cross" (though not perfectly formed here, the alignment is similar). It suggests that the short-term momentum is stronger than the medium-term momentum, often indicating a potential uptrend.
- The RSI is at 54.93, which is in the **neutral zone (between 30 and 70)**, but slightly above 50. An RSI above 50 generally suggests that bullish momentum is starting to outweigh bearish momentum. It's not in overbought territory (above 70), suggesting there's room for further upward movement before becoming technically overbought based on RSI.
- The Momentum indicator is positive (17.60 > 0). This indicates that the price is gaining upward momentum. A rising momentum value supports the bullish outlook.
- **Bollinger Bands Range: 927.7 - 991.1 :** Trading within the Bollinger Bands is normal. However, a move towards the upper band suggests increasing bullishness. If the price breaks above the upper Bollinger Band, it could indicate a strong upward move, but it might also signal overbought conditions in the very short term.

DISCLAIMER:**Guidelines on Report:**

- It is recommended to enter in a staggered manner within the prescribed range provided in the report.
- Once the recommendation is executed, it is advisable to keep strict stop loss as provided in the report on closing basis
- The suggestion is valid for 3-5 months; if we want to carry subsequent positions, we will contact via mail or other mode of communications.
- Once target1 achieved, use trailing stop loss of recommended average price.

Portfolio Allocation:

- It is not recommended to allocate entire corpus to a single stock or product without first understanding the risk and return associated with that stock or product.
- It is recommended to diversify the corpus in a proportionate manner among various tech-funda research reports and other reports as stated

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